GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:4806
ANSWERED ON:19.12.2002
IMPLEMENTATION OF POWER PROJECTS
CHANDRA NATH SINGH;SADASHIVRAO DADOBA MANDLIK

Will the Minister of POWER be pleased to state:

(a) whether NTPC has proposed to implement power projects in those States where private sector has abandoned their projects;

(b) if so, the details thereof, State-wise;

(c) whether it is difficult to operate power plants for private sector in some States due to huge arrears outstanding against the State Governments;

(d) if so, the reaction of the Government thereto; and

(e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) & (b) : National Thermal Power Corporation (NTPC) implement their own projects located in various States. NTPC have not proposed to implement power projects abandoned by private sector.

(c) to (e) : Lack of proper commitment to escrow arrangements, inability of the State Electricity Boards to provide adequate payment security cover to the private sector power projects, which is a requirement of the project developers and more particularly the financial institutional are some of the reasons due to which the majority of private sector power projects could not achieve financial closure in spite of progressing well on other fronts. Government have initiated the process of reforms with a view to improving the financial condition of the various power utilities in order to make them commercially viable. The States have accepted the need for power sector reforms. A consensus was reached in the Conference of Chief Ministers/Power Ministers held in March 2001 on the need to depoliticise power sector reforms and speed up their implementation. It was resolved in the conference to achieve breakeven in distribution in two years time and achieve positive returns thereafter. It was also resolved that State Electricity Regulation Commissions would be made functional and tariff petitions filed and subsidy would be given, if required only to the extent of State Government`s capacity to pay the subsidies explicitly through budget. The Government of India has signed Memorandum of Understanding/Memorandum of Agreement with States. These reflect the joint commitment of the Centre and the States to undertake reforms in a time bound manner. Government have launched the Accelerated Power Development and Reforms Programme to assist the States in improving their sub- transmission/distribution system in identified circles and to provide incentive grants linked to the bridging of the gap between cost of supply and average revenue per unit. With effective implementation of reforms, commercial viability and the confidence of investors in power sector is expected to improve and make their role effective.